

Message Text

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ACTION AF-06

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SUBJECT: GM ELECTRO-MOTIVE PRODUCTS: LOCOMOTIVE SALE TO GOG

REF: CONAKRY 0308; CONAKRY 0301, CONAKRY 0396 (MARCH 1973)

1. IN MAJOR COMMERCIAL BREAKTHROUGH, GOG HAS JUST PURCHASED TWO RAILROAD LOCOMOTIVES FROM GM FOR USD 1.5 MILLION. CONTRACT SIGNED NOVEMBER 11 BY MR. G.S. GLAIBER, GM ELECTRO-MOTIVE PRODUCTS, GENERAL MOTORS OVERSEAS OPERATIONS, AND MR. BARRY DIALLO, DIRECTEUR, OFFICE NATIONAL RAILROUTE (ONRR).

2. GM IS MAJOR SUPPLIER OF LOCOMOTIVES AND SWITCHERS TO CBG BAUXITE OPERATION AT BOKE, BOTH TO FOREIGN CONSORTIUM (HALCO) AND GOG (OFAB). AT PRESENT THERE ARE NINE GV LOCOMOTIVES ON THE BOKE LINE (7 CBG, 2 OFAB) AND FIVE GM SWITCHERS (CBG).

3. COMPETITION FOR CONTRACT WAS INTENSE. TWO OTHER FIRMS BID STRONGLY: ALSTHOM (FRANCE) AND HITACHI (JAPAN). (THE USSR WHICH HAS SIX STANDARD GAUGE LOCOMMOTIVES ON ITS KINDIA BAUXITE LINE WAS NOT CONSIDERED.) AT PRESENT ONRR HAS FOUR 20-YEAR OLD ALSTHOM LOCOMOTIVES ON ITS METER GAUGE LINE. THE FRENCH AND JAPANESE GOVERNMENTS BOTH ASSISTED IN PURSUING THEIR RESPECTIVE COMPANIES BIDS. FRIGUIA BAUXITE OPERATION, IN WHICH FRENCH FIRM (PECHINEY) HOLDS 36.5 PERCENT OF SHARES ALSO USES ALSTHOM LOCOMOTIVES.

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JAPANESE ENGINEERING FIRM NIPPON KOEI CURRENTLY ENGAGED IN EN-

GINEERING AND DESIGN OF TRANSGUINEAN RAILROAD THROUGH A GRANT FROM JAPANESE OVERSEAS DEVELOPMENT FUND CORPORATION.

4. IN THE END, GM WON CONTRACT AS A RESULT OF (A) SOFT TERMS: 15PERCENT DOWN (USD 173,000) AND REVOCABLE LETTER OF CREDIT TO TWO MONTHS PRIOR TO DELIVERY; (B) LOW PRICE (USD 1.5 MILLION); AND (C) PERSISTENT PATIENCE OF GM ELECTRO-MOTIVE REP GLAIBER. CONTRACT BIDDING TOOK OVER ONE YEAR (SEE REF TELS) DURING THAT TIME GLAIBER VISITED CONAKRY FOUR TIMES AND DEVELOPED PERSONAL RAPPORT WITH GUINEAN OFFICIALS, INCLUDING GUINEAN MINISTER OF TRANSPORT SEKOU THIAM (WHO WAS PREVIOUSLY DIRECTOR OF ONRR).

5. DELIVERY SCHEDULED FOR JUNE 1976. GM TECHNICIAN WILL ACCOMPANY AND INSTRUCT GUINEAN RAILROAD EMPLOYEES IN OPERATIONS. GM HAS ALSO ARRANGED FOR INSTRUCTION IN US OF ONRR EMPLOYEES SHOULD THE GOG SO DESIRE. HOWEVER, SINCE LARGE NUMBER OF OPERATORS ALREADY IN PLACE AT BOKE, LIKELY THAT GM WILL COORDINATE INSTRUCTION WITH CBG/OFAB.

6. AS MARK OF PERSONAL ATTENTION OF GM TO THEIR NEW CLIENT, THE FACE OF A CHARGING ELEPHANT (SYLLI, THE GUINEAN NATIONAL SYMBOL) IN METAL SCULPTURE WILL BE INSTALLED ON FRONT OF EACH LOCOMOTIVE. THIS ATTENTION TO DETAIL AND PATIENCE OF GM REP COMBINED WITH GOG RECOGNITION OF GM SUCCESS AT BOKE HAVE GIVEN U.S. IMPORTANT OPENING IN GUINEAN RAIL MARKET. IN SHORT RUN, THIS MARKET WILL INCLUDE FUTURE SALES TO MIFERGUI IRON ORE CONSORTIUM FOR ITS PLANNED LINE INTO LIBERIA, INCLUDING IMPROVEMENT OF LAMCO RAILWAY. IN THE LONG RUN, MARKET MAY ENCOMPASS NEW TRANSGUINEAN RAILROAD, CURRENTLY IN DESIGN STAGE.

7. ACTION REQUESTED: IN RECOGNITION OF HIS PERSONAL EFFORTS ECON/COMMERCIAL OFFICER RECOMMENDS COMMERCE DEPARTMENT COMMENDATION TO GM REP G.S. GLAIBER. (ELECTRO-MOTIVE PRODUCTS, GENERAL MOTORS OVERSEAS OPERATIONS, LAGRANGE, ILLINOIS). GUINEA, A SMALL MARKET WHICH REMAINS LARGELY UNKNOWN TO U.S. BUSINESS COMMUNITY, PRESENTS CHALLENGE TO U.S. EXPORTERS. MR GLAIBER, THROUGH HIS SENSITIVITY, LANGUAGE ABILITY AND PERSISTENCE IN FACE OF EXTRAORDINARY MARKETING ENVIRONMENT, UNCLASSIFIED

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HAS ACHIEVED A NOTEWORTHY SUCCESS WHICH WILL CONTRIBUTE TO BETTER U.S.-GUINEAN ECONOMIC AND POLITICAL RELATIONS. HARROP

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